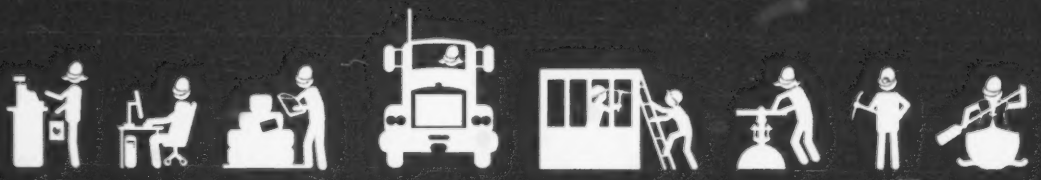

Workers' Compensation Board Northwest Territories and Nunavut

Corporate Plan 2006 - 2008

VISION

Safe work practices and fair benefits.

MISSION

Safe workplaces achieved through strong partnerships with employers and workers, while providing fair and sustainable benefits.

VALUES

The Workers' Compensation Board of the Northwest Territories and Nunavut is committed to the following values:

- We treat others honestly, fairly and respectfully
- We are sensitive and responsive to our clients' needs
- We work safely
- We do what we say

FORWARD

The Workers' Compensation Board of the Northwest Territories and Nunavut produces and publishes the corporate plan as a matter of record, pursuant to section 91 (1) of the *Financial Administration Acts* of both territories.

The corporate plan complements two other WCB publications: the annual report and annual magazine, *Reflections*. The corporate plan sets out a forward-looking approach to the way the WCB conducts business. It highlights the priorities and goals of the WCB, as set out by the Governance Council, and the methodology WCB Operations implements to achieve these goals. This document is internally focused and used as a broad based paper for the employees of the board, however, it also serves as information for other interested stakeholders.

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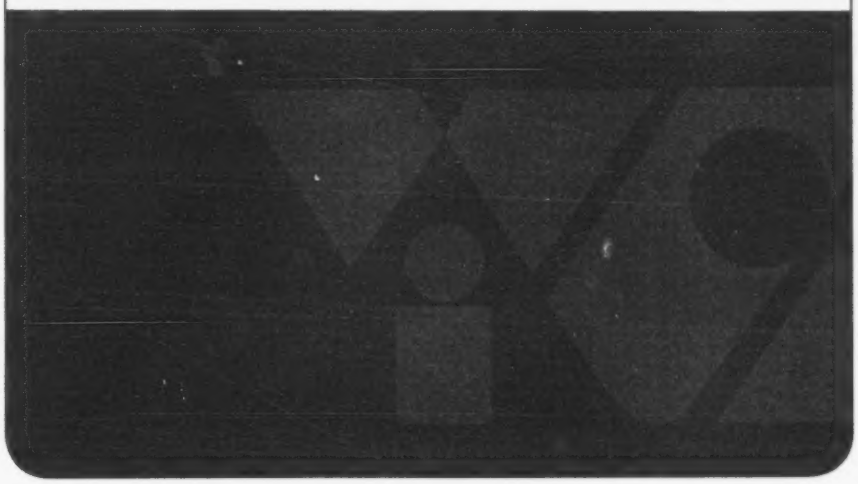


From the Office of the Chairperson

As I enter into my first term as Governance Council Chairperson for the Workers' Compensation Board of the Northwest Territories and Nunavut, I reflect on our organization's accomplishments that we were highlighting at this time last year.

I was impressed with our progression towards being a major national leader in innovative workplace practices. My pride in the past and present successes of our team continues as we enter a new year with the rollout of a new way of calculating assessment rates that more appropriately reflects the safety record of an industry and, in turn, of our northern businesses.

Together, in the coming years, we will see the development of a variety of new programs that highlight the importance of raising the bar on employer accountability. We will see the rollout of the new way to calculate assessment rates. The improved system will encourage employers to strengthen their internal safety records and *Safe Advantage*, the merit-demerit program, will recognize the safety successes of almost 100 employers.

The WCB continues to be a growing organization that responds to the needs and trends of their stakeholders.

Corporate Plan 2006-2008 defines the direction of the WCB for the next three years. This internal reference tool will serve as a reminder of the milestones we have reached together and of the progressive projects that are yet to come.

I hope that you share my interest in further developing the WCB into an organization that is seen as an industry leader in protecting the interests of workers and a pioneer in advancing the standards of workplace safety cultures.

Sincerely,

Denny Rodgers, Chairperson
Workers' Compensation Board of the Northwest Territories and Nunavut

From the Office of the President

The WCB's vision and mission continue to guide us through business activities and initiatives that increase accountability for all parties- workers, employers, and staff.

As President and CEO, I am acutely aware of the increasing pressures on the system by employers for fair and reasonable rates; by injured workers for timely and expert medical care and associated support services; and, by all parties for everyone to become committed to reducing workplace injuries and fatalities.

At the WCB, we are committed to adapting our systems so that the organization can manage data better, be more responsive to changing elements in the workplace that drive costs, and recruit and retain staff with the knowledge and skill sets to respond and lead change processes.

I am anticipating success from the introduction of our new rate classification, introduced in January 2006, and *Safe Advantage*, the merit-demerit component, to be introduced in 2007. The system will focus activity and resources at the WCB and at the workplace where the action happens; on the things that drive assessment rates and claims cost experience.

Many northern businesses are stepping up to the safety challenge and creating workplace cultures where workplace injuries are preventable. I congratulate those employers who send people home safely every day and look forward to working with those who need help achieving that goal.

Sincerely,

David Clark, President and CEO
Workers' Compensation Board of the Northwest Territories and Nunavut

Core Business

Corporate Plan 2006 - 2008

Workers' Compensation Board Northwest Territories and Nunavut

Core Business

1. Governance Council

- Give key direction and establish strategic priorities, goals, and objectives for the WCB.

2. President's Office

- Effective planning, management and delivery of Governance Council direction.
- Develop and lead the management team while leading organizational improvements.
- Continually generate and communicate the long-term, strategic direction of the WCB.
- Maintain internal and external communications, produce marketing material, and handle media relations.
- Responsible for researching, compiling, analyzing, and interpreting statistical information.
- Ensure documents are translated and available in all official languages. Produce documents that support the WCB compliance with Official Languages Regulations.

3. Medical Services

- Advise the WCB on medical matters related to claim adjudication and review processes.
- Examine workers to determine diagnosis, fitness, and permanent medical injuries.
- Act as a liaison to external health care providers.
- Assist with policy and program development.

4. NWT Operations

Claims

- Provide benefits to injured workers, those suffering from occupational diseases, and dependants of workers who were fatally injured from workplace injuries or illnesses.
- Provide workers with a temporary wage replacement while they recover.
- Assist injured workers in their return to work.
- Provide permanently injured workers with benefits for the remainder of their life.

Employer Services

- Register and classify employer businesses in the NWT and Nunavut by industry type.
- Assess employer contributions to the WCB Accident Fund based on their industry classification and payroll.

Industrial Safety

- Work with employers to educate them about safety standards and practices, and their obligations to comply with Acts and Regulations.
- Inspect workplaces, and enforce the *Safety Acts* and *General Safety Regulations* of the NWT and Nunavut.

Mine Safety

- Administer the *Mine Health and Safety Acts*.
- Conduct inspections to ensure that mines and exploration camps comply with Acts and Regulations.
- Investigate incidents, serious accidents, and fatalities.
- Certify supervisors, blasters, and hoist operators at mines.
- Issue permits to use mine equipment and store explosives, combustible liquids, or petroleum.
- Ensure that training programs, facilities, and emergency plans are acceptable.
- Chief inspector may issue a variance by suspending or varying a regulation provision to deal with special situations for the health and safety of mine employees.
- Chief inspector hears and makes recommendations on appeals related to a decision or issued order.

5. Nunavut Operations

- Full service branch of WCB similar to NWT Operations, with the exception of Pensions and Mine Inspections, which has offices in Iqaluit and Rankin Inlet with a combined staff of 22 employees.
- Iqaluit regional office conducts approximately one-third of all WCB business.

6. Corporate Services

- Responsible for central agency functions, including Finance, Treasury, Purchasing and Materiels Management, Human Resources, and Information Technology.

7. Legal Services

- The Corporate Secretary/General Counsel is the WCB senior legal officer and is responsible for board governance and internal monitoring.
- Legal Counsel provides the WCB with a full range of services, from legal opinions to third party actions.
- The investigations coordinators protect the integrity of the WCB Accident Fund by targeting abuses of the system with innovative prevention techniques and appropriate detection methods, and by recommending fraud detection systems to management.
- Develop and manage policies.
- Organize and coordinate the Performance Measurement Program and Process Evaluation.
- The Review Committee provides claimants and employers with their first level of appeal on decisions made by the WCB.

Environmental Scan

Environmental Scan Northwest Territories Situation

Resource development and economic growth in the Northwest Territories remain high and continue to fuel the NWT real Gross Domestic Product (GDP). The GDP increased by an estimated 79 per cent from 1999 to 2004. Compared to the Canadian national average increase in GDP of 16 per cent, the GDP increase for the NWT is substantial.

The Government of the Northwest Territories forecasts a continued GDP increase of 10.1 per cent in 2005 as the NWT continues to propel its economic growth through resource development.

The NWT's major resources that play a significant role in its economic development are diamond mining and the planned export of major non-renewable resources. The NWT is now the world's third largest supplier of rough diamonds by value. The rough diamond production of Ekati and Diavik diamond mines was worth 1.7 billion in 2003 and is estimated to have grown to 2.1 billion in 2004. The De Beers Snap Lake Project received final approval and is the NWT's third diamond mine. Full production of this mine is scheduled for 2007.

The Mackenzie Gas Project presents great potential for economic growth. The construction of the 1,200 kilometre pipeline, scheduled for 2007 to 2010, is contingent on the final project approval. If approved, natural gas will flow south from the Mackenzie Delta by the end of this decade. Along with extreme economic impacts, the pipeline will also bring consequential social impacts to communities across the Northwest Territories.

Other economic sectors in the NWT have also seen economic growth. Since 1999, retail trade has increased by over 41 per cent, which is an estimated financial worth of over $150 million. Tourists and business visitors contribute $90 million in direct spending annually. As outlined by the Government of the Northwest Territories, the tourism industry has the potential to provide an even larger contribution, especially in smaller communities.

The population of the Northwest Territories continues to rise. The population was reported at just under 43,000 in 2004, and, over the next 10 years, is projected to increase by 12 per cent. In 2004, the territorial unemployment rate was 7.5 per cent. The median age of NWT workers is 30 years. The median age of Canadian workers is 37 years of age. The Northwest Territories has the second highest employment rate in the country.

The 2004 highest number of time loss claims in the NWT was in the Service Industry. The Service Industry was responsible for 23 per cent of all time loss claims. The industry with the second largest number of time loss claims was the Construction Industry, which accounted for 22 per cent of all time loss claims.

Environmental Scan Nunavut Situation

Nunavut remains Canada's youngest population with 60 per cent of residents below 25 years of age and 41 per cent below the age of 16. Although the cost of living in Nunavut remains high, the average income per household is still lower in Nunavut than in the Northwest Territories.

The key areas requiring attention in Nunavut, as identified by the government, are education levels, housing shortages, sewage and waste management, and lack of affordable transportation and childcare.

The Government of Nunavut is working towards strengthening financial management, accountability, and the economy. During this time, the government is focused on turning Nunavut into a viable, independent territory by creating a stronger cultural foundation based on Inuit societal values.

Currently, crowded housing conditions and building imperfections are affecting Nunavut residents. The number of people per dwelling in Nunavut is, on average, 3.84 people. The Canadian average is 2.65. Crowding in homes often results in families sleeping in shifts. Given the age of the Nunavut population, housing demands in the next few years will increase as the population ages and the majority, people under the age of 25 years, will require their own housing.

To address this issue the Government of Nunavut would like to build 3,200 to 3,500 new housing units across Nunavut. This project sits at an estimated $100 million.

Last year, the Government of Canada invested almost $300,000 in four projects that will help strengthen the economy of the seven-year-old territory.

The Department of Environment will develop and diversify the fishing industry in the Kivalliq and South Baffin regions. This multi-partner program will involve biological data collection and analysis, and fishery management training to identify new arctic char fishery resources while maintaining the principles of sustainability. The project is designed to serve as a model for long-term, industry-wide development of commercial char fisheries throughout Nunavut.

The Department of Economic Development and Transportation received funding for a Nunavut mineral exploration and mining strategy. This is a timely venture as Nunavut prepares for its first diamond mine, Jericho. This mine is expected to produce 3.1 million carats of diamonds over its eight-year production life. Jericho mine will enter full production in 2006 and will employ approximately 125 to 175 people.

The current population of Nunavut is just under 30,000. Over the next decade the population of Nunavut is expected to climb by 17 per cent. In 2004, the Nunavut unemployment rate was 17 per cent. The current median age of Nunavut workers is 22. This age is substantially lower than the Canadian national average of 37.

In 2004, the highest number of time loss claims in Nunavut was in the Public Administration and Defence Industry. This industry was responsible for 40 per cent of all time loss claims. The industry with the second highest number of time loss claims was the Construction Industry, which accounted for 29 per cent of all time loss claims. The Northwest Territories also reported the Construction Industry as the industry reporting the second highest amount of time loss claims.

Implications for the WCB

Mining and natural resource booms in the North continue to create economic opportunities North of the 60th parallel. With increased job opportunities, our northern labour market continues to grow and, consequently, so does the number of workers the WCB insures as well as the need for safer work practices.

High time loss claims industries, such as the Construction Industry that reported the second highest time loss claims for both the NWT and Nunavut in 2004, will continue to expand as increased opportunities arise in the North. With proposed pipeline construction taking off in 2006 and a timely need for upgraded housing in Nunavut, the number of time loss claims for this high-risk industry will increase as more workers enter these worksites. As a result, the WCB can expect increased financial responsibility.

The Construction Industry is not the only one that will see an increase in northern workers. The opening of Jericho mine and the Snap Lake Project will cause an influx of trade workers in the North. Although these and numerous other projects present the North with economic stability, they also increase the probability of workplace injuries. For this reason, it is important that the WCB increase the incentives for employers to take workplace safety seriously and to assume the responsibility of training and educating workers.

In an effort to improve worksite safety, the WCB would like to implement worksite specific programs that encourage worksites to do their part to change their workplace culture into a safety conscious one and, in turn, decrease the number of workplace injuries.

In Nunavut, where the majority of the population is quite young, the WCB must continue to promote youth safety by encouraging employers to invest in their workers by properly training them for their careers. With many northern youth choosing to enter trades, it is important that the WCB place added resources in ensuring trade workers are well protected and educated about their rights.

The 2006 Year's Maximum Insurable Remuneration (YMIR) and average assessment rates remain competitive as compared to other jurisdictions across Canada. The 2006 YMIR is set at $67,500. This is an increase of $1,000, as compared to last year.

The 2006 average provisional assessment rate per $100 of assessable payroll is $1.87. The 2005 rate was also $1.87, however, it included a 10 percent rate subsidy, which was eliminated in 2006.

Governance Council Balanced Scorecard

Vision: Safe work practices and fair benefits.

Mission: Safe workplaces achieved through strong partnerships with employers and workers, while providing fair and sustainable benefits.

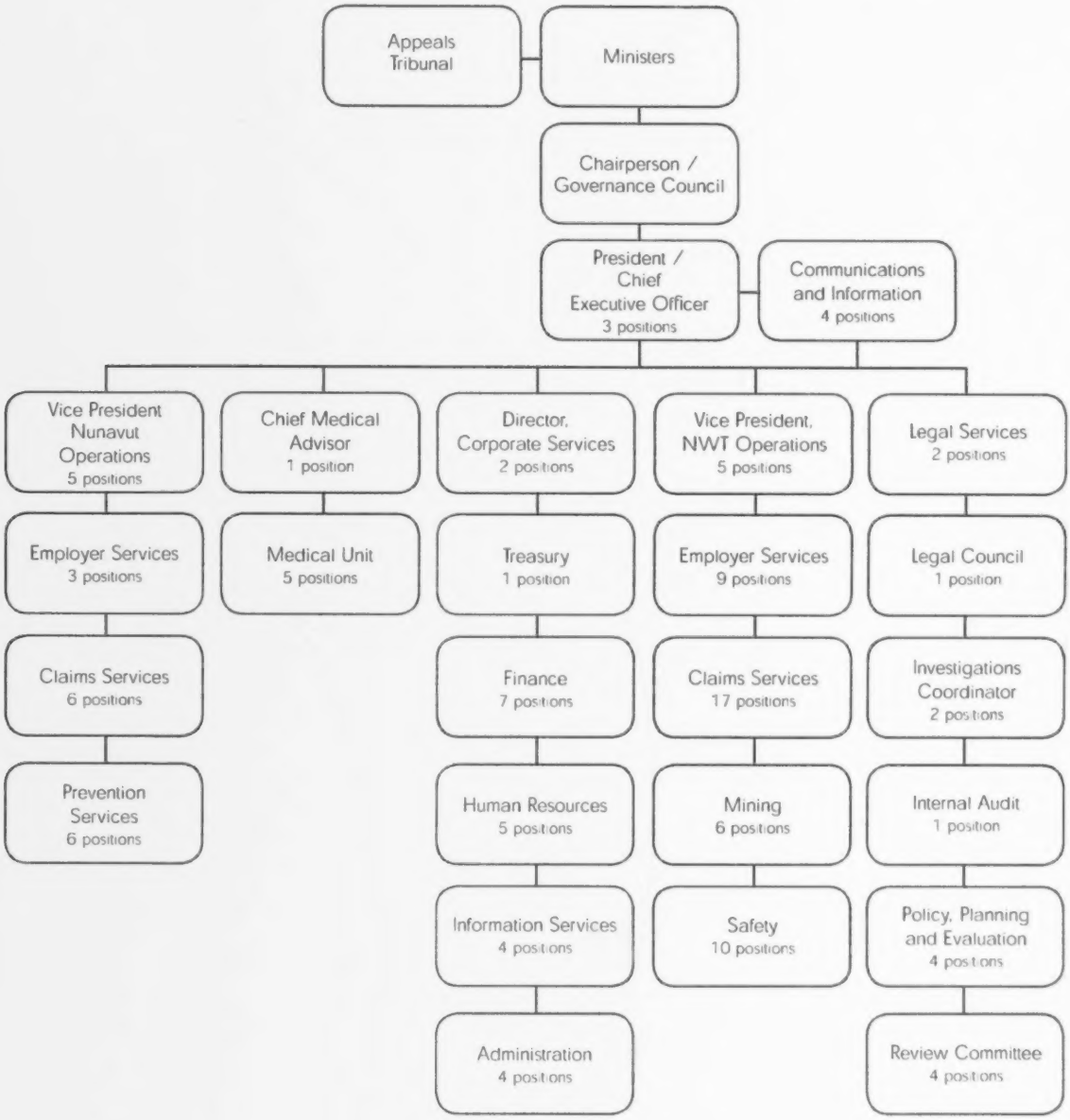
	Priorities:	Goals:
Customer	• Reduced workplace injuries and occupational disease in the Northwest Territories and Nunavut	1. Well trained, safety conscious workers 2. Healthy and safe workplaces in the NWT and Nunavut
Financial Results	• Needs of workers and employers are met without compromising WCB financial sustainability	3. Benefits provided are fair to workers and affordable to employers 4. Stewardship of the Accident Fund
Organizational Excellence	• An efficient and adaptive organization	5. Timely, professional client focused services 6. Competent and capable people 7. Modern, effective, and comprehensive legislation and related policies
Governance	• A proactive, efficient, and responsible Governance Council that is diverse in its representation and aggressive in its policy-making decisions and monitoring	8. Highly capable and informed directors

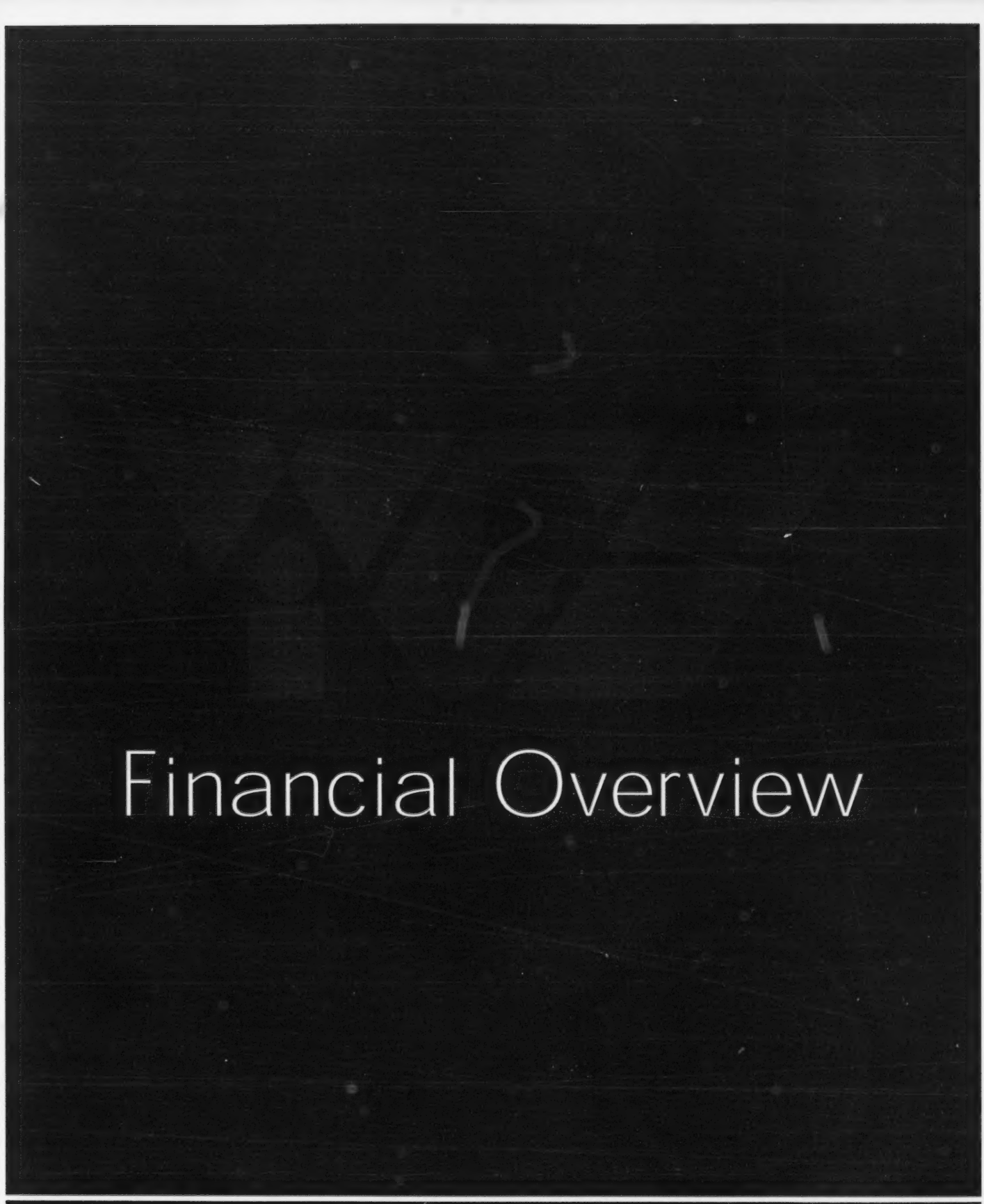
Performance Measures:	Targets:
• Three year lost time injury frequency analysis: • By territory	Downward trend
• Five year time loss trend analysis: • By industry classification	N/A
• Assessable payroll by industry classification	N/A

• Average assessment rate per $100 of assessable payroll:
  • Relative to prior year
  • National comparatives
	$1.80 (no increase over two years)

• YMIR	Full replacement of compensation to a band of 70 to 80%
• Percentage funded (ratio of total assets to total liabilities plus reserves)	108 to 120%
• Market rate of return (net of investment expenses)	Four year rolling average
• Current year benefits costs per $100 assessable payroll	N/A
• Description of WCB benefits offered and relative to other jurisdictions	N/A
• Time to first payment (from date of registration) • Percentage	75% of compensation payments within 25 days
• Number of days	Overall average of 28 days
• Percentage of claims upheld or overturned through the appeals process	TBD
• Average ratings of overall service (worker and employer)	TBD
• Annual administrative costs per $100 assessable payroll	TBD
• WCB Policy Review reporting	As per Comprehensive Policy Plan
• Average percentage rate of success in meeting or exceeding defined service timelines & standards	TBD
• Formal governance framework 1. Governance Advisor assisting in evaluation of current governance framework 2. Governance Advisor facilitating development of options for governance framework 3. Approve Legislative Proposal amendments in response to OAG performance audit on accountability/governance	September 2006
• Implementation of consultation strategy re: Policy Development	April 2006

Accountability Structure





Financial Overview

Financial Overview

Projected Statement of Operations
For the year ending December 31 (in thousands of dollars)

Projected Statement of Operations

For the year ending December 31 (in thousands of dollars)

	Actual 2004	Budget 2005	Projection 2005	**Budget 2006**	Projection 2007	Projection 2008
Revenue						
Assessments	28,519	27,019	29,793	**30,091**	30,994	31,924
Investment Revenue	22,665	18,825	16,570	**14,931**	14,795	15,069
Recoveries	1,224	1,000	1,000	**1,000**	1,000	1,000
Total Revenue	52,408	46,844	47,363	**46,022**	46,789	47,992
Expenses						
Cost of claims, current year	21,575	23,337	29,916	**21,546**	22,192	22,858
Cost of claims, prior years	311	8,240	-702	**10,321**	10,631	10,950
Cost of Claims, total	21,886	31,577	29,214	**31,867**	32,823	33,808
Administration and General Expenses	16,423	16,652	16,365	**16,336**	16,744	17,163
Total Operating Expenses	38,309	48,229	45,579	**48,203**	49,592	50,971
Net Income (loss) from Operations	14,099	-1,385	1,784	**-2,181**	-2,803	-2,978

Financial Overview

Projected Statement of Operations
For the year ending December 31 (in thousands of dollars)

Projected Statement of Reserves

For the year ending December 31 (in thousands of dollars)

	Actual 2004	Budget 2005	Projection 2005	**Budget 2006**	Projection 2007	Projection 2008
Operating Reserve						
Balance, beginning of year	5,477	7,526	12,342	**9,977**	10,796	10,993
Change in Accounting Policy	1,366					
Net Income (Loss) for the Year	14,099	-1,385	1,784	**-2,181**	-2,803	-2,978
Transfer to Investment Fluctuation Reserve	-11,600		-9,749			
Transfer from Investment Fluctuation Reserve			2,900			
Transfer from (to) Rate Subsidy Reserve	3,000	2,800	3,000	**3,000**	3,000	3,000
Transfer to Catastrophe Reserve			-300			
Balance, end of year	**12,342**	**8,941**	**9,977**	**10,796**	**10,993**	**11,014**
Investment Fluctuation Reserve						
Balance, beginning of year			11,600	**18,449**	18,449	18,449
Transfer to Operating Reserve			-2,900			
Transfer from Operating Reserve	11,600		9,749			
Balance, end of year	**11,600**		**18,449**	**18,449**	**18,449**	**18,449**

Rate Subsidy Reserve						
Balance, beginning of year	17,000	17,000	14,000	**11,000**	8,000	5,000
Transfer from Operating Reserve	-3,000	-2,800	-3,000	**-3,000**	-3,000	-3,000
Balance, end of year	**14,000**	**14,200**	**11,000**	**8,000**	**5,000**	**2,000**
Safety Reserve						
Balance, beginning of year	178	178	178	**178**	178	178
Transfer to Operating Reserve	-	-	-	-		
Balance, end of year	**178**	**178**	**178**	**178**	**178**	**178**
Catastrophe Reserve						
Balance, beginning of year	19,350	19,350	19,950	**20,250**	20,250	20,250
Transfer from Operating Reserve	600	600	300	-		
Balance, end of year	**19,950**	**19,950**	**20,250**	**20,250**	**20,250**	**20,250**

Financial Overview

Schedule of Administration and General Expenditures
For the year ending December 31 (in thousands of dollars)

Schedule of Administration and General Expenditures - All Divisions

For the year ending December 31 (in thousands of dollars)

	Actual 2004	Budget 2005	Projection 2005	**Budget 2006**	Projection 2007	Projection 2008
Corporate Services	6,122	7,331	7,680	**7,407**	7,592	7,782
Policy, Planning and Communications	202	222	-	**-**	-	-
President	1,175	1,076	991	**1,218**	1,248	1,280
Legal Services	1,027	1,139	1,056	**1,150**	1,179	1,208
Medical Advisor	889	822	825	**822**	843	864
NWT Operations	4,544	4,290	3,964	**4,604**	4,719	4,837
Nunavut Operations	2,413	2,472	2,421	**2,590**	2,655	2,721
Governance Council	418	470	428	**503**	516	528
Appeals Tribunal	263	471	449	**437**	448	459
Workers' Advisor	132	184	184	**184**	189	193
Headquarters	3,366	3,012	2,792	**2,162**	2,216	2,271
	20,551	21,489	20,790	21,077	21,604	22,144
Claims Management Expenses	4,128	4,838	4,860	**4,741**	4,860	4,981
	16,423	16,651	15,930	**16,336**	**16,744**	**17,163**

Percentage Change from the 2004 Budget Amounts	
Corporate Services	1.0%
Policy, Planning and Communications	-100.0%
President, Legal, Medical	13.2%
NWT Operations	7.3%
Nunavut Operations	4.8%
Governance Council	7.0%
Appeals Tribunal	-7.2%
Workers' Advisor	0.0%
Headquarters	-28.2%
Overall	**-1.9%**

Financial Overview

Schedule of Capital Asset Acquisitions- Summary
For the year ending December 31 (in thousands of dollars)

Schedule of Capital Asset Acquisitions - Summary

For the year ending December 31 (in thousands of dollars)

	Actual 2004	Budget 2005	Projection 2005	**Budget 2006**	Projection 2007	Projection 2008
Facility			3,644	**11,186**	2,114	
Leasehold improvements, additions	314	615	440	**380**	-	-
Equipment, additions	568	768	441	**899**	50	50
Computer software, additions	1,119	834	626	**458**	258	258
Furnishings	148	39	8	**70**	20	20
	2,149	**2,256**	**5,159**	**12,993**	**2,442**	**328**

The Workers' Compensation Board of the Northwest Territories and Nunavut published Corporate Plan 2006-2008 in March 2006 under the direction of the Governance Council.

Denny Rodgers, Chairperson

William (Bill) Aho, Employer Representative

Shona Barkley, Labour Representative

George Kuksuk, Public Interest Representative

Karin McDonald, Employer Representative

Steve Petersen, Labour Representative

WCB Rate Classifications

Services

Public Administration

Trade

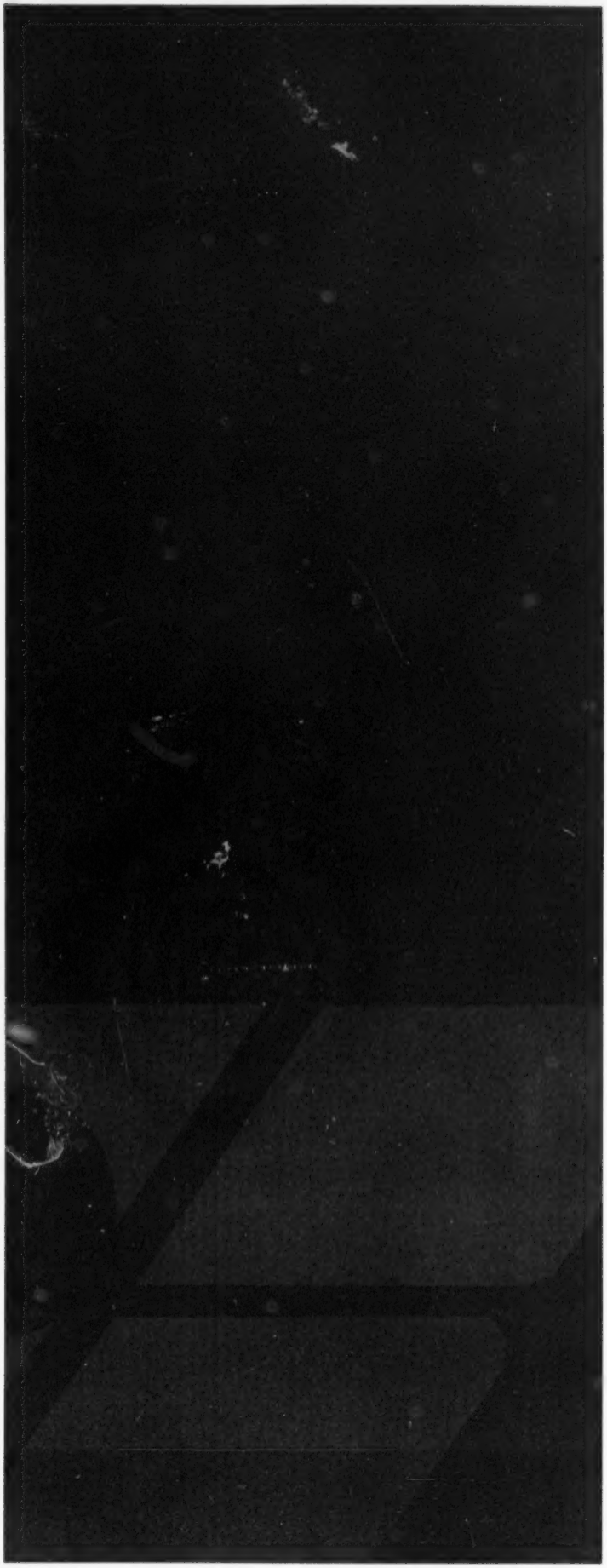
Transportation

Construction

Oil and Gas

Mining

Renewable Resources



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WORKERS' COMPENSATION BOARD
Northwest Territories and Nunavut